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FOR PUBLIC AFFAIRS STAFF

PROGRAM ABC World News Tonight STATION WJLA-TV
ABC Network

DATE July 14, 1981 7:00 PM CITY Washington, DC

SUBJECT Major Change at CIA

FRANK REYNOLDS: Tonight a major change at the CIA. Max Hugel, the man in charge of super-secret covert operations, the man in charge of this country's cloak-and-dagger agents, has resigned.

More on this story, which could have far-reaching implications for U.S. intelligence, from senior correspondent John Scall.

JOHN SCALI: Hugel's sudden resignation caught everyone by surprise because for months CIA Director Casey had been defending him against charges he was not qualified to direct the nation's super-secret spy network. What forced him out of office today were not those charges, but accusations of business malpractice while a private citizen in the mid-1970s.

The Washington Post this morning published a story which claimed Hugel manipulated company stock for profit. Within hours he quit, saying, "These allegations, although unfounded, unproven and untrue, have become a burden which I no longer believe is fair to impose on the Administration."

With White House approval, Casey accepted the resignation with deepest regret and with the comment, "I know that you will not lose your dedication to our nation's security."

Early tonight, Hugel spoke up to defend himself outside his home in nearby Virginia.

MAX HUGEL: I have never made a penny of unlawful profit, nor have I done anything else to bring discredit upon my company, my family, myself, the agency for whom which I so briefly

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PROGRAM CBS Evening News STATION WDMV-TV
CBS Network

DATE July 14, 1981 7:00 PM CITY Washington, DC

SUBJECT CIA Officials Touched by Scandal

DAN RATHER: The breath of scandal blew on the Reagan Administration today. It came from Wall Street and the super-secret CIA complex at Langley, Virginia. The new man in charge of covert spying activities, Max Hugel, quit amid allegations of stock manipulation. And the man to whom he resigned, CIA Director William Casey, himself came under fire in a separate allegation of stock shenanigans. In both cases, the allegations involved activities before their CIA appointments.

Lem Tucker has the story of Hugel's resignation.

LEM TUCKER: In the end it was not Max Hugel's total lack of experience in the world of intelligence gathering which proved to be his downfall at the CIA, it was instead his past in the world of business, where he was experienced. And it was at the hands of two former Wall Street stockbrokers and business partners.

Thomas McNeill and his brother Samuel alleged that during the mid-1970s, Hugel fed them inside information on two companies Hugel was connected with Brother International and Syntronics International. The information was then used by the McNeills to trade the companies' stock before it was divulged to other investors or made public. The Securities and Exchange Commission has often in the past considered such dealings improper and/or illegal.

The McNeills also alleged that Hugel secretly funneled more than \$100,000 into their securities business, thereby financing trading activity in Hugel's own stock. And they alleged that Hugel arranged for this man, Robert Howard, President of Syntronics, to buy stock in Hugel's company, hoping the purchases

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PROGRAM NBC Nightly News STATION WRC-TV
NBC Network

DATE July 14, 1981 7:00 PM CITY Washington, DC

SUBJECT Max Hugel Resigns

JOHN CHANCELLOR: Max Hugel, a high official of the CIA, resigned today just hours after the Washington Post printed allegations that he had engaged in questionable business practices before joining the government. Mr. Hugel had been Deputy Director for Operations of the CIA, which is an extremely sensitive job. He was in charge of clandestine operations. Old CIA hands complained bitterly when he was put into that job with no experience. But today, with the ink hardly dry on The Post expose, his resignation was accepted.

More from John Palmer at the White House.

JOHN PALMER: The White House went out of its way today to put distance between the President and Hugel, noting that Mr. Reagan had not personally appointed him.

In his letter of resignation to CIA Director William Casey, Hugel commented on charges that he had engaged in stock market manipulation, saying, "These allegations, although unfounded, unproven, and untrue, have become a burden which I no longer believe is fair to impose on the Administration."

Assistant to the President David Gergen told reporters, "The President was saddened by the events that led to his resignation." Gergen denied that Hugel has quit under pressure, saying, "He resigned on his own initiative," although Gergen said there were White House contacts on the matter.

Late this afternoon, Hugel held a news conference at his Washington home.

MAX HUGEL: I have never made a penny of unlawful

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(HUGEL-RESIGN)

WASHINGTON (UPI) -- THE CIA'S CHIEF OF SECRET OPERATIONS HAS RESIGNED FOLLOWING ALLEGATIONS HE ENGAGED IN IMPROPER OR ILLEGAL STOCK MARKET PRACTICES, THE CIA ANNOUNCED TODAY.

THE AGENCY SAID IN A STATEMENT THAT MAX HUGEL HAD RESIGNED AS DEPUTY DIRECTOR OF OPERATIONS, WHICH HANDLES CLANDESTINE AGENTS AND OPERATIONS, WHILE STATING THAT PUBLISHED ALLEGATIONS AGAINST HIS BUSINESS ACTIVITIES SEVEN YEARS AGO WERE "UNFOUNDED AND UNTRUE."

CIA DIRECTOR WILLIAM CASEY HAS APPOINTED JOHN STEIN, A VETERAN INTELLIGENCE CAREER OFFICER, TO SUCCEED HUGEL, THE STATEMENT SAID.

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